

DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT
CITY OF PHILADELPHIA

Event: Public hearing to receive comments on the *Consolidated Annual Performance and Evaluation Report* for the period of July 1, 2016 – June 30, 2017 and to accept testimony on housing and community development needs for FY 2019.

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I submit the following comments:

It is my pleasure to appear today as staff attorney at SeniorLAW Center, working to protect the legal rights of senior homeowners throughout the city. I would like to thank DHCD for funding the fourth year of the SeniorLAW Center Diversion Court project, which provides critical help to housing counselors and homeowners 60 years and older who are facing mortgage and reverse mortgage foreclosure. Beginning in August 2014, when the number of mortgage foreclosures filed annually was over 4,000, DHCD provided funding to SLC to launch a triage program where SLC attorneys appear and represent seniors every Thursday in mediation hearings, and where we act as legal consultants to senior homeowners and their housing counselors. To expand the number of seniors that SLC attorneys can assist in the courtroom each week, last year SLC reached out to the area law schools looking for law students willing to collect demographic information and open Diversion case records for senior appearing in court for the first time. We are pleased to report that this effort has been very successful, and we are now in our third semester working with students from the University of

Pennsylvania in the courtroom; this partnership frees up SLC attorneys to represent even more clients at mediation hearings.

The need for a senior triage program in Diversion Court continues, and senior homeowners represent a large and growing segment of the Philadelphia foreclosure cases. According to Philadelphia Legal Assistance, the agency responsible for the Save Your Home Philly Hotline, there were 648 reverse mortgage foreclosure cases filed in Philadelphia from January 2007 through September 2016. Seniors make up 17% of Philadelphia's population, yet they make up 28% of the callers to PLA's Save Your Home Philly Hotline. Per court records, there were 11.5 reverse mortgage foreclosures filed each month in 2014, in 2015 the monthly filing was 12.8, and in 2016 the reverse mortgage foreclosure filings skyrocketed to 48.4 *per month*. Not surprisingly, these reverse mortgages are concentrated in minority and lower income areas. Only homeowners age 62 or older are eligible for reverse mortgages so this foreclosure increase is a ***strictly senior problem***. In the past few years, many of the rules governing reverse mortgages have changed and it has been challenging to find solutions that keep seniors in their homes when they fall behind on property taxes or payment of homeowners' insurance premiums or if they fail to maintain their property. The U.S. Department of Housing and Urban Development (HUD), the agency providing the financial guarantees of these reverse mortgages, recognized that foreclosing loans and forcing seniors eighty years and older from their homes can have devastating consequences for the senior. In cases where an "elderly" senior is afflicted with a terminal illness or a substantiated long term physical disability, HUD now wisely permits extension of the foreclosure timeframes thereby permitting the senior to live out their life

in their home. SeniorLAW Center is uniquely qualified to provide guidance and legal assistance for these particularly “elderly” seniors. Surviving non-borrowing spouses of deceased reverse mortgage borrowers are also coming to SLC for help saving their home. These urgent cases have very strict HUD deadlines, and they must be addressed immediately if the home is to be saved for the widow. Philadelphia will continue to have the Diversion Court overseeing its reverse mortgage and mortgage foreclosure process, but SeniorLAW Center is needed to represent seniors in court hearings addressing the frequently evolving world of reverse mortgage and mortgage foreclosure opportunities.

In 2015, SeniorLAW Center and the National Consumer Law Center opened a dialogue with HUD, and we began providing the HUD regulators in Washington, DC with stories of how their regulations resulted in Philadelphia seniors losing their homes for as little as \$3000 in past due property taxes. We convinced HUD to encourage the reverse mortgage servicers to work out affordable repayment plans with senior homeowners thereby saving these homes. We continue to press the case for senior homeowners in Diversion mediations for reverse mortgage servicers who are often uninformed of new HUD directives. We often escalate complex cases to HUD and ask that they intercede directly with the mortgage servicers, to ensure that the HUD protections granted to senior borrowers are observed and enforced in Diversion Court. SeniorLAW Center must continue to play this watchdog role at the national level if seniors with reverse mortgages are to keep their homes.

A clear majority of older Philadelphians – approximately 74% -- own their homes. Seniors over the age of 65 in Philadelphia account for 28% of the total homeowners in the city. Of the 127,000 Philadelphia properties inhabited by someone

over the age of 65, 63% have no mortgage. That's 80,000 homes sitting atop a mountain of equity, which makes these homeowners an irresistible target for reverse mortgage lenders. Half of these senior-owned homes were built before 1950, and can be presumed to need significant repair and upkeep. When surveyed by Philadelphia Corporation for Aging, 75,300 Philadelphia seniors reported that their homes are in need of major repair. When we take into account that 1 in 5 older Philadelphian homeowners live in poverty (and 47% live near poverty levels), the challenge of how to maintain their homes in a safe and habitable condition comes into focus. Many turn to reverse mortgages to finance desperately needed home repairs.

SLC is well positioned to serve as protector for the rights of senior homeowners, since these seniors are the precise clients and communities that SeniorLAW Center has been serving for the past 40 years. Our knowledge and understanding of this community, along with our established neighborhood presence, is the reason that we were able to dive into the reverse mortgage issue and advocate nationally on behalf of these seniors. In addition to the Diversion court project, SLC operates the statewide SeniorLAW HelpLine, creating an aging services network that effectively responds to the wide-ranging legal needs of seniors in many areas of law, including housing, in all Philadelphia neighborhoods and throughout the Commonwealth. We have established our reputation with the public and with our aging services colleagues as the legal service agency that saves seniors' homes from mortgage foreclosure, that represents senior borrowers in negotiating with reverse mortgage companies to allow seniors to remain in their homes, that sues home repair contractors for providing shoddy work, or no work at all despite being paid, because these contractors think they can take advantage of seniors living

alone, who are isolated and vulnerable. We go to the bedsides of homebound seniors to help them execute documents they need to modify mortgage loans or to untangle the title to their homes or to write a will. We are called upon by State Representatives, City Council members, Philadelphia Corporation for Aging, clergy, and even DHCD itself to conduct community education on senior issues because we are recognized as the expert in Philadelphia. We train DHCD funded housing counselors and the Judges Pro Temp who serve in the Diversion court on matters effecting senior homeowners.

We also conduct community outreaches throughout the city, to halt foreclosures before they can even begin. We are currently targeting the Philadelphia zip codes that have been seeing the highest rates of foreclosure, since those zip codes are most in need of preventative legal advice. We recently targeted zip code 19138, which is one of the most prevalent foreclosure zip codes in the city. We educated the seniors about the “top five critical legal concerns for senior homeowners,” which included a multitude of crucial foreclosure and contractor fraud issues. The outreach was extremely well-received. Next we are targeting zip code 19143, which has the highest foreclosure rate in the city for both mortgage and property tax cases. And we continue to serve seniors in *every* zip code in the City.

On many occasions, we have enrolled seniors in tax programs over the phone while they are in Diversion court, thereby lowering their real estate taxes and making it more likely they can afford a monthly mortgage payment that will permit them to remain in their home. We appear on panels in senior centers and in the community presenting information in English and Spanish on the Pitfalls of Reverse Mortgages, How to Protect Yourself from Deed Fraud and How to Hire a Home Repair Contractor.

Many are aware that the number of real estate tax foreclosure cases has skyrocketed in Philadelphia. In 2010 the city filed 338 tax foreclosure cases, in 2011 the number of filings jumped to 1,825 and in 2015 the number of filings exploded to 6,841! In response, we now conduct a “property tax check-up” for all interested senior homeowners, to ensure that these seniors know their legal rights, how to reduce their taxes and prevent tax foreclosure. Educated eligible seniors can take advantage of special tax programs designed to reflect their long-time occupancies, fixed income parameters, and the effects of neighborhood gentrification. SLC attorneys also represent seniors sued for property tax delinquencies, but the demand for our service exceeds our capacity. Court procedures have been evolving over the past year to make sure all homeowners with delinquent property taxes are provided due process and an opportunity to work with the tax collector to arrange for an affordable payment plan. With additional funding from DHCD, SLC will create a senior triage program for the property tax collection court and represent clients facing property tax foreclosure, helping them negotiate payment plans with the city, so they can pay their delinquent taxes in affordable monthly increments while also paying current year taxes and their ongoing living expenses. We will also conduct outreach programs throughout Philadelphia about these crucial property tax issues, partnering with the aging network, legislative leaders and communities.

Our legal staff meets seniors where they live. We go into the community and conduct legal triage each month in seven senior centers throughout the city, and bring these legal problems back to our Center City office for possible legal representation. And for those seniors unable to travel to meet us, our SeniorLAW HelpLine is available to every senior throughout Pennsylvania. Our HelpLine is a lifeline for seniors who are

isolated and alone. They are able to call and get legal advice, information and referrals on the phone on how to handle their critical problems affecting their safety and shelter. Our wide-ranging services enable us to respond to the attendant needs of senior homeowners, including financial exploitation, protection from abuse and violence, advance planning needs which affect their health care and economic security, consumer protection, veterans' issues, help for grandparents raising grandchildren in multi-generational homes, and so much more.

SeniorLAW Center contributes our expertise and time to evaluate monthly requests to the Tangled Title Fund Committee, an DHCD-funded group, providing grants to low income homeowners to clear title to their homes. At the request of the Department of Records, we joined the Fraudulent Deed Conveyance Committee and we are members of the Diversion Court Mortgage Foreclosure Steering Committee and the Save our Homes Coalition. We serve on and previously co-chaired the Housing Working Group of the Civil Gideon and Access to Justice Task Force, co-chaired the Delivery of Legal Services Committee, serve on the statewide Access to Civil Justice Coalition and the PA Supreme Court Elder Justice Advisory Council, among many other roles we play in the aging network and senior housing communities.

So why should DHCD continue to fund and increase support of SeniorLAW Center's efforts to save seniors' homes? Because our efforts bring tangible results throughout the city, and SeniorLAW Center needs the financial support of DHCD so we can continue to help people in the communities where they and we live so that seniors are kept safe and independent in their life long communities, stabilizing neighborhoods and

preventing additional vacancies and stopping blight. We receive thousands of requests for advice and representation every year.

Let me end with a story that typifies the kind of result SLC achieves for its clients. Senior, age 85, was sued by her reverse mortgage company when she fell behind in the taxes and insurance on the property. She was severely disabled – she had trouble getting out of bed each morning, she rarely left the house by herself, and she could not take care of her own bodily needs. She was facing medical problems involving her kidneys and a blood blockage to her brain. She could not physically handle paying her own bills. The reverse mortgage company initiated a foreclosure, and this senior was looking at the prospect of losing her home. Unfortunately, she could not afford a repayment plan, and even if she could afford one, she would not be able to physically handle making her own payments. SeniorLAW Center helped senior pursue a deferral of the foreclosure through HUD. Unfortunately, several roadblocks popped up along the way --- senior had trouble getting to her doctor, whose verification was needed to pursue the deferral. When she did get to the doctor, her doctor was extremely busy and difficult to work with. The reverse mortgage company had no patience for this elderly woman's needs, repeatedly and aggressively attempting to hasten the foreclosure in court. SeniorLAW Center took the case to repeated court hearings to prevent the foreclosure and continued to persevere with the doctor, and was ultimately able to successfully obtain a deferral through HUD on behalf of the senior. This deferral has allowed the senior to continue living out her remaining years in her own home, free from making payments on this burdensome debt.

We are a small and nimble agency which makes a large impact and we hope to do much more for the seniors of our community in partnership with DHCD in the future. We are well-positioned to respond to crises as they develop in the senior community in Philadelphia, which is why I am here making this appeal for continued funding for SeniorLAW Center and for a specific focus on the needs of senior homeowners in our great city. Housing is the #1 issue facing Philadelphia seniors, and the ideal of *aging in place* becomes not a dream but a nightmare if those houses become uninhabitable after seniors are defrauded by shoddy or dishonest home repair contractors, or if these homes are foreclosed upon due to delinquent real estate taxes or delinquent mortgages, or if they are stolen through fraudulent deeds. Our City and state had the foresight to create programs and protections for seniors, but funding for legal services is critical and essential if seniors are to be able to access these protections. Meanwhile SeniorLAW Center struggles to meet the increasing legal needs of seniors. We ask that DHCD recognize the special needs of senior homeowners, including the critical role of legal services in protecting their rights. DHCD's support and partnership is tremendously meaningful and appreciated by the elders of our community, to whom we all owe our respect, attention and gratitude.

Thank you for giving me the opportunity to testify today.

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